



Appropriations Update

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U.S. House of Representatives
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FISCAL YEAR 2004 DEFENSE AND IRAQ AND AFGHANISTAN RECONSTRUCTION EMERGENCY SUPPLEMENTAL APPROPRIATIONS Conference Report

SUMMARY

The conference report to accompany the bill making emergency supplemental appropriations for defense and for the reconstruction of Iraq and Afghanistan (H.R. 3289, H. Rept. 108-337) provides a net of \$87.547 billion in emergency budget authority [BA] for fiscal year 2004.

Outlays flowing from that BA total \$37.103 billion. Because the amounts in this supplemental appropriations measure are designated as an emergency, the conference report does not give rise to a point of order under the provisions of the Congressional Budget Act.

Table 1: Fiscal Year 2004 Emergency Supplemental Appropriations
(fiscal years; millions of dollars)

Function	Request	House Passed	Conference	Conf. less House Difference
Budget Authority	87,048	86,856	87,547	691
Outlays	36,761	36,578	37,103	525
<i>Defense (050) BA</i>	<i>65,568</i>	<i>65,248</i>	<i>65,231</i>	<i>-17</i>
<i>Defense Outlays</i>	<i>31,102</i>	<i>30,130</i>	<i>30,615</i>	<i>485</i>
<i>Nondefense BA</i>	<i>21,480</i>	<i>21,608</i>	<i>22,316</i>	<i>708</i>
<i>Nondefense Outlays</i>	<i>5,659</i>	<i>6,448</i>	<i>6,488</i>	<i>40</i>

COST OF THE LEGISLATION

As noted, the conference report provides \$87.547 billion in emergency fiscal year 2004 budget authority, and \$37.103 billion in outlays. The measure is \$691 million in BA above the House-passed version and \$499 million above the President's request (see Table 1 above). It provides \$65.231 billion in defense BA (in National Defense, Function 050), \$337 million less than requested by the President. The difference is due largely to the creation of a separate account for the Coalition Provisional Authority [CPA], and a change in its budget function from National Defense to International

Affairs (Function 150). (Budget functions are the categories into which spending amounts are distributed in the budget resolution.) The conference report includes \$22.316 billion in nondefense BA, largely for international affairs spending; the measure provides \$708 million more than the House-passed bill, and \$836 million more than requested by the President. This amount beyond the President's request comes primarily from the provision of \$500 million for relief for recently declared domestic disasters, and the creation of a separate account for the CPA.

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The conference report contains \$35.8 million in rescissions of previously enacted BA for diplomatic and consular

programs approved in the fiscal year 2003 Iraqi conflict supplemental (Public Law 108-11).

COMPLIANCE WITH THE BUDGET RESOLUTION

The conference report designates all spending as an emergency requirement, pursuant to section 502 of the budget resolution for fiscal year 2004 (H.Con.Res. 95). As a result, the spending provided for in this measure is not counted in determining budget compliance.

Although the conference report technically complies with the budget resolution, the joint statement of managers (H.

Rept. 108-337) does not include an explanation describing the manner in which the emergency spending meets the emergency criteria identified in the resolution: necessary, sudden, urgent, unforeseen, and temporary. Such an explanation is called for in the budget resolution. In its absence, it is difficult to determine the extent to which funds provided by this bill are expected to be necessary only in the current fiscal year.

DISCUSSION

The conference agreement provides \$691 million more than the House-passed bill and \$499 million more than requested by the President. Table 2, on the next page, compares the President's request, the House-passed bill, and conference agreement by agency. In terms of general categories:

Defense

The conference report provides \$66.1 billion for the Department of Defense, \$108 million more than the House-passed bill, and \$646 million more than requested by the President. The bill funds the following accounts:

- *Military Personnel* - The report provides \$17.813 billion, as requested by the President, and is \$670 million more than passed by the House. The measure does not include the House proposal to transfer \$670 million to Operations and Maintenance to fund a civilian security contract to replace Reserve soldiers providing security at Army installations.
- *Operations and Maintenance [O&M]* - The bill provides \$40.235 billion for military operations and maintenance and is \$707 million below the House-passed version; the conference report does not include the House proposal to accommodate the contract for civilian security. The conference report is \$793 million less than requested by the President, due largely to the transfer of funds to a separate account for the Coalition Provisional Authority.

The measure provides \$313 million from O&M and procurement accounts for recovery and repairs due to Hurricane Isabel.

- *Coalition Provisional Authority* - The conference report provides \$983 million for CPA expenses. As proposed by the House, the conference report provides these funds in a separate line item, rather than as part of the appropriations for the Army's operation and maintenance account, as requested by the President.
- *Procurement* - The conference report provides \$5.599 billion for procurement, \$350 million more than requested by the President, largely due to additional funds for the Army's prepositioned stocks (\$142 million), communications (\$83 million), and portable radio jammers (\$46 million).
- *Research, Development, Testing, and Evaluation* - The measure provides \$334 million, \$5 million less than requested by the President.
- *Military Construction* - The conference report provides \$525 million for military construction and family housing projects, \$112 million more than the President's request. The additional funds are provided to repair storm damage to military facilities.

International

The conference report provides \$20.795 billion for international programs, \$83 million more than the House-passed bill and \$686 million less than requested by the President. The report includes funding for Iraq relief and reconstruction (\$18.439 billion); Afghanistan relief (\$1.164 billion); contributions for international peacekeeping operations in Liberia (\$245 million); the State Department (\$280 million); Economic Support Fund debt reduction for

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Pakistan (\$200 million); Economic Support Fund assistance for Jordan (\$100 million); Agency for International Development [AID] international disaster and famine assistance (\$220 million) and AID expenses (\$57 million); multinational peacekeeping expenses (\$50 million); and the Broadcasting Board of Governors (\$40 million).

- *Iraq* - The conference report provides \$18.439 billion for Iraq relief and reconstruction. This is \$1.865 billion less than requested by the President, and \$210 million less than the House-passed bill. Funding includes: security and law enforcement (\$3.243 billion); repair and rehabilitation of electrical operation and distribution infrastructure (\$5.560 billion); water resources and sanitation (\$4.332 billion); rebuilding oil infrastructure and purchasing energy stocks (\$1.890 billion); justice, public safety, and infrastructure (\$1.318 billion); health care programs (\$793 million); transportation and communications programs (\$500 million); road and bridge construction (\$370 million); refugees, human rights, and governance programs (\$280 million); and private sector development (\$153 million).

The conference agreement prohibits the use of these funds to pay the debt of the former regime, and does not require the repayment of any portion of these funds.

- *Afghanistan* - The bill provides \$1.164 billion for Afghanistan relief and reconstruction, \$365 million

more than requested by the President, and \$10 million less than the House. It includes \$672 million in Economic Support Funds for the construction of roads; schools and education; private sector development and power generation; Afghanistan central government assistance; elections and improved governance; programs for women and girls; provincial reconstruction team needs; health services; disarmament and reintegration projects; and water projects.

The measure provides \$170 million for law enforcement training and equipping of the Afghan National Police and Border Police, and training of prosecutors, court officials, and the judiciary; \$287 million for training for a new Afghan army; and \$35 million for antiterrorism, demining, and security programs.

Other

The bill also provides funds to the Department of Homeland Security for disaster relief (\$500 million) and the Coast Guard (\$103 million); the Department of Justice (\$31 million); the Department of Energy (\$3 million); and the Intelligence Community Management Account (\$3 million). The disaster relief funds (\$500 million) are for emergencies declared after the President submitted his original request. Spending for the Coast Guard is \$23 million above the President's request, and spending for the Justice Department is \$15 million above the President's request.

Table 2: Fiscal Year 2004 Emergency Supplemental Appropriations by Agency
(fiscal years; millions of dollars)

Agency	Request 2004 BA	House Passed 2004 BA	Conference 2004 BA	Difference BA
Department of Defense	65,466	66,004	66,112	108
<i>Military Personnel</i>	17,813	17,143	17,813	670
<i>Operations and Maintenance</i>	41,028	40,942	40,235	-707
<i>Coalition Provisional Authority Expenses</i>	0	858	983	125
<i>Procurement</i>	5,249	5,623	5,599	-24
<i>Research, Development, Testing, Evaluation</i>	339	269	334	65
<i>Revolving Funds</i>	624	624	624	0
<i>Military Construction (Incl. Family Housing)</i>	413	545	525	-20
<i>Allowances</i>	0	0	-1	-1
International Programs	21,481	20,712	20,795	83
<i>Iraq Relief and Reconstruction</i>	20,304	18,649	18,439	-210
<i>Department of State</i>	308	629	695	66
<i>International Security Assistance Programs</i>	829	1,254	1,344	90
<i>Agency for International Development</i>	40	140	277	137
<i>Broadcasting Board of Governors</i>	0	40	40	0
Department of Homeland Security (Coast Guard)	80	103	603	500
Department of Justice	16	31	31	0
Department of Energy	3	3	3	0
Other	2	3	3	0
Total	87,048	86,856	87,547	691

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AUTHORIZATION ISSUES

The conference report extends the TRICARE program of military health care to members of the ready reserve who are unemployed, or are not eligible for health care benefits under an employer-sponsored health plan. Premium payments would be required at the rate of 28 percent of the actuarial cost of the coverage. Even though this new program is funded through existing discretionary appropriations as a demonstration program for 2004, it will also increase mandatory Unemployment Insurance benefits by \$4 million this year.

These mandatory costs are calculated in the total estimated costs of this bill. But they are considered to be emergency

spending, along with the measure's other provisions (see discussion above), and hence are not counted in determining budget compliance. The Congressional Budget Office has indicated that, if TRICARE coverage for the ready reserve is extended in future years, the provision would cost \$4.301 billion over 10 years, assuming discretionary appropriations are increased to meet the additional spending demands. Mandatory costs are \$102 million of that 10-year total.

The conference report also authorizes an Inspector General for the Coalition Provisional Authority, and clarifying – for the purpose of computing Impact Aid – treatment of troops stationed overseas.

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